

IN THE MATTER OF FACT FINDING BETWEEN

City of Muscatine, Iowa
and
Muscatine Association of Firefighters

April 22, 2004
Fact Finding – Wages

APPEARANCES

City of Muscatine
William F. Seuppel, Attorney
Nancy Lueck

Muscatine Association of Firefighters
Rick Scofield, Secretary-Treasurer
Chris Brase, President

JURISDICTION

A Fact Finding hearing on the issue of wages was held in Muscatine, Iowa at the City Hall Building on April 22, 2004. The hearing began at 10:30 a.m. and concluded at noon. At the hearing each party was given a full and fair opportunity to present all evidence relevant to the issue in dispute. The record in this matter contains 13 City Exhibits and 20 Union Exhibits. Both parties made excellent presentations in support of their respective positions.

ISSUE

The sole issue in dispute is the wage rate to be paid to the members of the Firefighters Local 1672 for the contract period to run from July 1, 2004 through June 30, 2005.

The position of the Union is a 3.5% across the board increase effective July 1, 2004. The position of the City is a 2.5% increase across the board effective July 1, 2004.

All other issues pertaining to the new collective bargaining contract between the parties have been resolved.

FINDINGS OF FACT

1. The parties enjoy a very healthy and professional relationship which is quite encouraging. The parties seem to be able to resolve their disputes amicably utilizing the process of collective bargaining.
2. All items pertaining to the next collective bargaining contract save wages have been resolved prior to this fact finding.
3. The parties have met on five occasions to exchange proposals, eventually reaching agreement on contractual changes in the areas of bereavement leave, vacation leave accrument, increased deductibles and out of pocket maximums, and a change to PPO insurance.
4. The City comparables include Clinton, Mason City, Bettendorf, Marshalltown, Ottumwa, Fort Dodge, Burlington, Marion and Newton.
5. Among the comparables, Muscatine ranks 5th in terms of square miles. Muscatine ranks 9th in population size. Muscatine ranks 3rd in department size with 30 bargaining unit employees out of a total of 37 department employees in 2003.
6. Muscatine, Burlington, Clinton and Newton are the four City Fire Departments among the comparison group that operate ambulance services.

7. Muscatine ranked 2nd in 2003 total runs (3,143). The data demonstrate that Muscatine total runs increased substantially after ambulance operations began on July 1, 2000. The same pattern of increase is seen for EMS runs.
8. The number of total departmental employees has fluctuated from 34 in 1992 to a high of 38 in 2000, 2001 and 2002. As noted above, the total number of departmental employees in 2003 was 37.
9. The starting wage for a firefighter in Muscatine in 2003 was \$29,818.88, placing them in 7th rank among the comparison group.
10. The top wage for a firefighter in Muscatine in 2003 was \$41,991.04, which ranks 6th in the comparison group.
11. The top wage for Fire Lieutenant in Muscatine in 2003 was \$44,815.68, which places them in 5th rank out of the seven comparison cities which have such a position in the bargaining unit. Burlington, Newton and Ottumwa have no Lieutenant positions.
12. The average starting wage for firefighters (2003) in the comparison cities is \$30,132.18, which is \$313.30 higher than the firefighter starting wage in Muscatine. The average top wage for firefighters in the comparison cities is \$42,162, which is \$562.00 higher than the firefighter top wage in Muscatine in 2003. The average Fire Lieutenant top wage in the seven comparison cities which have such a position is \$47,027.35, which is \$2,211.79 higher than the Fire

Lieutenant top wage in Muscatine. Comparable wages for 2004 show the average top wage in the comparison group to be \$43,397 compared to Muscatine at \$43,077 with a 2.5% wage increase. This reflects a difference of \$320.00.

13. Over the past four fiscal years, firefighter wages in Muscatine have increased by an average of 3.93%. By way of contrast, the captain's average wage increase has been 12.85%, the assistant chief's average wage increase has been 7.65% and the chief's average increase has been 6.1%.

14. City comparable firefighter wage increases for fiscal year 2004-05 are:

a. Bettendorf	3.0%
b. Burlington	3.0%
c. Marshalltown	3.0% (0% 2003-04; 3% 2004-05)
d. Newton	3.0%
e. Clinton	2.0% 2004; 2.5% 2005
f. Marion	2.0% 2004; 2.0% 2005
g. Fort Dodge	4.0% (0% 2003-04; 4% 2004-05)
h. Mason City	3.0% Fact Finder Recommendation
i. Ottumwa	2.0% Fact Finder Recommendation; 1.0% Arbitration Ruling

15. The City has had operating income from ambulance operations of \$115,858 in 2000-01; \$134,472 in 2001-02; and \$81,343 in 2002-03. It is a fact that the Fire Department's role has expanded since taking over ambulance duties on July 1, 2000.

16. The personnel cost for running the ambulance service includes the wages of 6 firefighters, 1 Fire Lieutenant, 1 EMS Coordinator and ½ Fire Mechanic.

17. The Fire Seniority List contains 30 bargaining unit employees, distributed as follows:

Fire Mechanic	2
Firefighter	24
Lieutenant	3
EMS Coordinator	1

18. The bargaining unit employees have their wages determined by seniority. Based on the various hire dates on City Exhibit #4, the bargaining unit employees are at the following steps of the wage schedule found in Appendix A.

Roger Wilson	Fire Mechanic	Step 8
Chris Brase	Fire Mechanic	Step 7
David Courtois	Firefighter	Step 8
Terry Eagle	Firefighter	Step 8
Mark Neal	Firefighter	Step 8
Brian Wright	Firefighter	Step 8
Michael Whitmer	Firefighter	Step 7
Harold Bennett Jr.	Firefighter	Step 7
June Anne Gaeta	Firefighter	Step 6
Brian Abbott	Firefighter	Step 5
Darrell Janssen	Firefighter	Step 5
Bart Lund	Firefighter	Step 5
Thomas Summit	Firefighter	Step 5
Travis Edwards	Firefighter	Step 4
Darren Brooke	Firefighter	Step 4
Andrew White	Firefighter	Step 4
Joseph Timmsen	Firefighter	Step 4
Troy Anthony	Firefighter	Step 4
Patrick Gingerich	Firefighter	Step 4
Joseph Vogel	Firefighter	Step 4
Michael E. Collins	Firefighter	Step 3
Doug Scott	Firefighter	Step 3
Andrea Summit	Firefighter	Step 3
Rhonda Theobald	Firefighter	Step 3
Larry Creamer	Firefighter	Step 2
Daniel Novak	Firefighter	Step 2
Mike J. Collins	Lieutenant	Step 8
Ted Hillard	Lieutenant	Step 6
Michael Hartman	Lieutenant	Step 6
Donald Becker	EMS Coordinator	Step 4

19. Utilizing the wages paid to the above employees based on the January 1, 2004 Wage Schedule (City Exhibit 6A), the wage budget on a yearly basis is \$1,135,608.60. Adding a 2.5% increase brings this total to \$1,163,998.80, or a difference of about \$28,390.20. A 3.5% wage increase brings this total to \$1,175,354.90, or a difference of \$39,746.30. Boiled down to its bare essence, the City's 2.5% proposal involves additional costs of \$28,390.20 while the Union's 3.5% proposal involves additional costs of \$39,746.30. Thus, the amount of money in dispute is $\$39,746.30 - \$28,390.20$, or \$11,356.10. Another way to state this is that a 1% increase for the bargaining unit employees costs \$11,356.10.
20. The Department experienced six resignations from July 16, 1999 through January 3, 2002. All six resigning employees took jobs with other fire departments. There has not been a resignation at Muscatine's fire department since Matt Lawson resigned on January 3, 2002.
21. The historical relationship between the Fire Union and Police Union wages and benefits in Muscatine has been close but not exactly equal. Recent negotiations with the Police Union have resulted in a two-year contract with a 2.5% across the board wage increase on July 1, 2004 and a second 2.5% increase across the board on July 1, 2005.
22. The City has had financial problems exacerbated by three factors:
- a. State legislative changes that impacted city revenues;
 - b. The continued increase in health insurance costs; and
 - c. Substantial increase in pension costs.

23. Residential taxable property valuation decreased 3.1% from January 1, 2002 until January 1, 2003. The five year change in tax dollars generated averaged \$19,193. However, for fiscal year 2003-04 the change in tax dollars was -\$69,450 and for fiscal year 2004-05 the change in tax dollars was -\$72,350. Significant state funding changes included the elimination of the Machinery and Equipment reimbursement (-\$415,419), the elimination of the State Consolidated Payment (-\$360,546), the discontinuation of bank franchise tax distribution to the cities (-\$68,300) and, the loss of 1/9 tax credits from the State (-\$40,000).
24. General Fund Ending Balances for the City have declined from \$2,080,719 on June 30, 2001 to \$1,926,667 on June 30, 2003. The estimated ending balance for 2003-04 is \$1,643,988 and the budget for 2004-05 is \$1,302,107.
25. The City of Muscatine has reduced full-time equivalent (FTE) positions from 170.2 in FY 2000-01 to 154.34 in FY 2004-05. This is a 9.2% reduction in FTE positions.
26. The City has undertaken several other funding transfers to help balance the 2003/2004 and 2004/2005 budgets. These are all one-time transfers and are thus not available to help balance future budgets. Also, the City has either reduced or eliminated funding to outside agencies such as the Tourism and Convention Bureau, Senior Resources and Development Corporation.

27. The General Fund Expenditures for Fire Operations in the approved budget for 2004/2005 amounts to \$2,026,300, a 3.5% increase over the 2003/2004 budget. This budget has built into it a 2.5% wage increase for bargaining unit employees.
28. The City budget has been under increasing pressure due to increases in Chapter 411 pension contribution rates. Employer contribution rates have increased from 17% on July 1, 2001 to 24.92% on July 1, 2004.
29. Cost of living data (CPI-W) over the past 10 years show the index increasing from 145.6 in 1994 to 179.9 in 2003 (23.5% increase). Over the same 10 year period top fire wages in Muscatine increased from \$9.77/hour in 1994 to \$14.28/hour in 2003 (46.1%). During this same time period the City has paid 100% of the Employee premium and 95% of the Dependent premium for health insurance coverage.

POSITIONS OF THE PARTIES

As noted earlier, the Union has asked for a 3.5% wage increase across the board for bargaining unit members. The Union's basic argument is that the Ambulance service brings in much revenue to the City which could in turn be used to fund this wage increase request. The Union further points out that firefighters in Muscatine are paid below their comparison group in terms of hourly wages.

The City of Muscatine has proposed a 2.5% across the board increase for bargaining unit members based on the following arguments. First, the City argues that historically the

Wage Schedule and Benefits of the Fire Union have been about the same as for the Police Union. In recent negotiations an agreement was reached with the Police Union on a two-year contract where wages would increase 2.5% on July 1, 2004 and 2.5% on July 1, 2005. Basically, the Fire Union and the City of Muscatine have agreed to all of the same terms as in the Police Union contract except for wages. The City of Muscatine has argued for the preservation of the parity in wages between the two groups. The City also points out that it has reached an agreement with the Blue-White Collar Union on similar insurance and wage terms. Finally, all non-union personnel in the City of Muscatine will receive wage increases of 2.5% on July 1, 2004.

The other argument made by the City of Muscatine in support of its 2.5% wage increase offer revolves around the worsening financial condition of the City. As summarized above, the City has seen recent decreases in taxable property valuation and tax dollars generated. The City has also been impacted by significant state funding changes which have caused major declines in the General Fund ending balance. The City has adopted self-help measures by reducing the number of FTE positions and through the use of funding transfers. Insurance and pension costs continue to increase with the major brunt of these costs being borne by the City. Cost of living data show that the CPI-W index has changed less than top fire wages over the past 10 years. The City feels that its 2.5% wage increase offer is fair and comparable to the 2.33% wage increase average in the new contracts reached in Clinton, Marion, Mason City and Ottumwa. The City's 2.5% wage increase offer would place Muscatine firefighter wages for 2004 at \$43,077, just \$320 below the average of the comparison group at \$43,397. For all of the above reasons, the City of Muscatine argues that a 2.5% across the board wage increase is a fair offer.

DISCUSSION

As noted above, I want to compliment both parties for making excellent and concise presentations to support their respective positions regarding the wage increase issue. I am impressed with the professional working relationship that exists between the City and the Union. The process of collective bargaining is working well in Muscatine, Iowa.

I have studied the record in this case very carefully. To be sure, both parties have some good arguments in support of their positions. In a case like this where there is not a lot of money involved and where the parties are not particularly far apart, it is tempting to simply recommend a middle ground wage increase that might in some sense satisfy all parties. But I don't think such a recommendation is appropriate herein given the facts of this case.

While the Union has made some good points on ambulance service revenues, I find the associated operating income to have declined rather precipitously in the most recent year (2002-03) for which we have data available. There seems to be much variability in the ambulance operating income, which leads me to conclude that it is rather risky to implement a higher wage increase based on this stream of revenue. I am glad to see this operation having some success, but would like to see more consistent yearly data on operating income.

In addition, the decision one has to make in this case is whether it is more important to have external equity in terms of firefighter wages with other firefighters in comparable cities, or internal equity in salaries with other Muscatine employees including police.

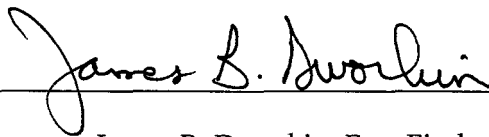
Again, both sides have made good arguments to support their respective positions on this

issue. However, when I look at the declining financial situation in the City of Muscatine coupled with the historic relation between police and fire wages in the city, I have come to the conclusion that the City has presented a very strong case in favor of internal equity. All other bargaining unit and non-union personnel in the City of Muscatine are already scheduled to receive a 2.5% wage increase for 2004-05. The evidence presented by the Union does not convince me that the firefighters' situation is such that a 3.5% increase across the board is warranted. Even a 3.0% increase would give the firefighters a higher increase in wages than all other Muscatine employees. A 2.5% across the board wage increase preserves internal equity and is also in the ball park in terms of being consistent with wage increases being offered to firefighters in comparable cities.

RECOMMENDATION

After a careful review of all of the evidence before me, I recommend that firefighter wages be increased 2.5% across the board effective July 1, 2004.

Issued this 6th day of May, 2004 in Michigan City, Indiana.



James B. Dworkin, Fact Finder

James B. Dworkin, Ph.D.
Arbitrator
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Michigan City, Indiana 46360
(219) 879-7660

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RELATIONS BOARD

May 6, 2004

Ms. Susan Bolte
Iowa Public Employment Relations Board
514 East Locust, Suite 202
Des Moines, IA 50309-1912

RE: Fact Finding Case – City of Muscatine and Association of Firefighters CEO #437/3

Dear Susan:

I certify that on the sixth day of May, 2004, I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

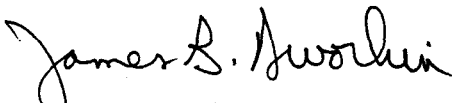
Mr. William F. Sueppel
122 South Linn Street
Iowa City, IA 52244

Mr. Chris Brase
972 Newell Avenue
Muscatine, IA 52761

I further certify that on the sixth day of May, 2004, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, IA 50309.

I have also enclosed an itemized list of my expenses associated with this case.

Sincerely,



James B. Dworkin
Fact Finder

JBD/deb
Enclosure (2)